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Amendment No. 3 to HB3010

Kisber

Signature of Sponsor

AMEND Senate Bill No. 3082

House Bill No. 3010*

by inserting the following new sections immediately before the effective date section and by renumbering the effective date section accordingly:

SECTION __. Tennessee Code Annotated, Section 67-4-2109(c)(2), is amended by adding the following new subitem:

(G) If the business enterprise involves a required capital investment of in excess of one billion dollars (\$1,000,000,000) to be invested over a period not to exceed three (3) years from the date of filing of the first business plan relating to the business enterprise, and creates not less than one thousand (1000) full-time employee jobs with “full progression” or “top out” wages equal to or greater than one hundred fifty percent (150%) of Tennessee’s average industrial wage for all manufacturing sectors as reported in the Monthly Labor Report published by the Tennessee Department of Labor and Workforce Development for the month of January of the year in which said full-time employee jobs are created, the credit allowed in subdivision (c)(2)(A) shall be five thousand dollars (\$5,000) for each net new full-time job created. For purposes of this subsection, the terms “full progression wage” and “top out wage” are synonymous and mean the wage that an employer assigns to a given job, to be obtained after a worker has completed all required training and experience in that job over an initial period not to exceed three (3) years. For purposes of this subsection, the full-time employee jobs are deemed created when first filled by employees, not when said employees attain “full progression” or “top out” wage status. In addition to the tax credits allowed to the taxpayer under this subsection for the first tax year, all or a portion of the

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tax credits allowable under this subsection may also apply on an annual basis to offset taxpayer's franchise tax and excise tax liability under Title 67, Chapter 4 of the Tennessee Code Annotated for each tax year after the first tax year up to a total period not to exceed twenty (20) years, in which the full time employee jobs created by the required capital investment for which credits were originally issued remain filled by employees at wages equal to or greater than 150% of Tennessee's average industrial wage for all manufacturing sectors as reported in the Monthly Labor Report published by the Tennessee Department of Employment Security for the month of January of the tax year for which the credit is being taken, provided that the Commissioner of Economic and Community Development, with the written concurrence of the Comptroller, shall have determined that the location and nature of the capital investment is economically desirable and in the best interests of the citizens of this State, and shall have executed a writing specifying, for a given business enterprise, the maximum period for which the additional tax credits granted pursuant to this subsection will be allowed and the amount or percentage of additional tax credits that will be allowed from year to year after the first tax year during the specified maximum period. For purposes of this subsection, a required capital investment shall be deemed to have been made as of the date of payment or the date the business enterprise enters into a legally binding commitment or contract for purchase or construction. The three (3) year period for making the required capital investment and the three (3) year period after completion by a worker of initial

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training or probationary period provided for herein may be extended by the Commissioner of Economic and community Development for a reasonable period, not to exceed one (1) year, for good cause shown.

SECTION ____ Tennessee Code Annotated, Section 67-4-2109(c)(2), is amended by adding the following new subitem:

(H) If the business enterprise involves a required capital investment of in excess of five hundred million dollars (\$500,000,000), to be invested over a period not to exceed three (3) years from the filing of the first business plan relating to the business enterprise, and creates not less than one thousand (1000) full-time employee jobs with “full progression” or “top out” wages equal to or greater than one hundred fifty percent (150%) of Tennessee’s average industrial wage for all manufacturing sectors as reported in the Monthly Labor Report published by the Tennessee Department of Employment Security for the month of January of the year in which said full-time employee jobs are created, the credit allowed in subdivision (c)(2)(A) shall be five thousand dollars (\$5,000) for each net new full-time job created. For purposes of this subsection, the terms “full progression wage” and “top out wage” are synonymous and mean the wage that an employer assigns to a given job, to be obtained after a worker has completed all required training and experience in that job over an initial period not to exceed three (3) years. For purposes of this subsection, the full-time employee jobs are deemed created when first filled by employees, not when said employees attain “full progression” or “top out” wage status. For purposes of this

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subsection, a required capital investment shall be deemed to have been made as of the date of payment or the date the business enterprise enters into a legally binding commitment or contract for purchase or construction. The three (3) year period for making the required capital investment and the three (3) year period after completion by a worker of initial training or probationary period provided for herein may be extended by the Commissioner of Economic and community Development for a reasonable period, not to exceed one (1) year, for good cause shown.

SECTION __. Tennessee Code Annotated, Section 67-4-2108, is amended as follows:

(1) Subsection 67-4-2108(a)(1) is amended by adding the words “and exempt required capital investments” after the words "excluding exempt inventory".

(2) Subsection 67-4-2108(a)(6) is amended by adding the following subitem:

() “Exempt required capital investments” means two-thirds in value of all capital investments which are the basis for a taxpayer’s entitlement to credits under § 67-4-2109(c)(2)(G) and § 67-4-2109(c)(2)(H).

SECTION __. Tennessee Code Annotated, Title 67, Chapter 5, is amended by adding the following language as a new section in part 2:

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Section ____ (a) Real and personal property used as a nonprofit family wellness center shall be exempt from property taxes as a charitable use of property if the center is owned and operated as provided in this section. "Family wellness center" means real and personal property used to provide physical exercise opportunities for children and adults. The property must be owned by a nonprofit corporation that is a charitable institution which (1) has as its historic sole purpose the provision of programs promoting physical, mental, and spiritual health, on a holistic basis without emphasizing one over another; (2) provides at least five (5) of the eight (8) following programs dedicated to the improvement of conditions in the community and to support for families: day care programs for preschool and school-aged children; team sports opportunities for youth and teens; leadership development for youth, teens, and adults; services for at-risk youth and teens; summer programs for at-risk and non-at-risk youth and teens; outreach and exercise programs for seniors; aquatic programs for all ages and skill levels; and services for disabled children and adults; and (3) provides all programs and services to those of all ages, incomes and abilities under a fee structure which reasonably accommodates persons of limited means and therefore ensures that ability to pay is not a consideration. The corporation must further meet the requirements of subsection (b).

(b) To qualify for exemption, the nonprofit corporation must first be exempt from federal income taxation as an exempt charitable organization under the

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provisions of Section 501(c)(3) of the Internal Revenue Code (U.S.C., title 26) and any amendments thereto. In addition, the nonprofit corporation shall provide that:

- (1) The directors and officers shall serve without compensation beyond reasonable compensation for services performed;
- (2) The corporation is dedicated to and operated exclusively for nonprofit purposes;
- (3) No part of the income or the assets of the corporation shall be distributed to inure to the benefit of any individual;
- (4) Upon liquidation or dissolution, all assets remaining after payment of the corporation's debts shall be conveyed or distributed only in accordance with the requirements applicable to a 501(c)(3) corporation.

(c) All claims for exemptions under this section are subject to the provisions of Tennessee Code Annotated, Section 67-5-212(b).

(d) Nothing in this section shall prevent property of the corporation other than wellness centers from qualifying under other provisions of law.

(e) Notwithstanding any provision of this act to the contrary, the provisions of this section shall take effect upon becoming a law, the public welfare requiring it, and shall apply to all matters pending before the board of equalization on the effective date of this act.

SECTION __. Tennessee Code Annotated, Section 67-4-2008, is amended by adding the following as a new subdivision:

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(8)(A) Any family-owned non-corporate entity where substantially all the activity of the entity is the production of passive investment income.

(B) For purposes of this subdivision (8):

(i) "Family-owned" means that ninety-five percent (95%) of the ownership units of the entity are owned by members of the family, which means, with respect to an individual, only:

(a) an ancestor of such individual;

(b) the spouse or former spouse of such individual;

(c) a lineal descendent of such individual, of such individual's spouse or former spouse, or of a parent of such individual;

(d) the spouse or former spouse of any lineal descendent described in subdivision (c); or

(e) the estate or trust of a deceased individual who, while living, was as described in any of the above subdivisions.

For purposes of this subdivision (8), a legally adopted child of an individual shall be treated as the child of such individual by blood.

(ii) "Passive investment income" means gross receipts derived from royalties, rents, dividends, interest, annuities, and sales or exchanges of stock or securities to the extent of any gains therefrom.